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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

March 1, 2000

BY HAND

Magalie Roman Salas, Secretary
Federal Communications Commission
445 Twelfth Street, SW -- Room TW-A325
Washington, D.C. 20554

Re: Ex Parte, CC Docket No. 99-272

Dear Ms. Salas:

On March 1, 2000, Royce E. Holland and Robert A. McCausland of Allegiance Telecom, Inc. and A. Richard Metzger, Jr. of Lawler, Metzger & Milkman, LLC, counsel to Allegiance Telecom, met with Dorothy Attwood, Legal Advisor to Chairman Kennard, to discuss Allegiance's views on certain issues pending before the Commission in the above-referenced proceeding. Allegiance's position on issues under consideration by the Commission is explained in its comments in the above-referenced proceeding. In addition, a copy of materials distributed during the meeting is attached hereto.

Pursuant to section 1.1206(b)(1) of the Commission's rules, 47 C.F.R. §1.1206(b)(1), an original and one copy of this letter and enclosure are being provided to you for inclusion in the public record of the above-referenced proceeding.

Sincerely,

Michael B. Hazzard

Enclosure

cc: Dorothy Attwood

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NEW EDGE Networks

February 28, 2000

The Honorable William E. Kennard, Chairman
Federal Communications Commission
445 Twelfth Street, SW
Washington, D.C. 20554

Re: Applications for Consent to the Transfer of Control of Licenses and Section 214 Authorizations from U S WEST, Inc., Transferor, to Qwest Communications International Inc., Transferee, CC Docket No. 99-272

Dear Chairman Kennard:

We are executive officers of competitive local exchange carriers that currently provide service in the U S WEST region in competition with the incumbent. We are writing you in connection with the proposed merger between Qwest and U S WEST that is currently under review by this Commission. We do not oppose the merger of these two companies. Rather, we are writing to urge you to condition the Commission's approval of the merger on specific market-opening commitments by U S WEST and Qwest.

We recognize that the applicants have asserted that the proposed merger is in the public interest because it will strengthen the incentives of the merged entity to comply with its obligations under section 271 and other provisions of the Communications Act of 1934, as amended. *See, e.g.*, *Merger of Qwest Communications International Inc. and U S WEST, Inc.*, CC Docket No. 99-272, Applications for Transfer of Control, 17-18 (filed August 19, 1999). To date, however, U S WEST and Qwest have steadfastly refused to translate that general claim into specific, concrete commitments.

We frankly are troubled by the applicants' continuing refusal to substantiate their assertions regarding the public interest benefits of the proposed merger. If the applicants seek to persuade the Commission that the proposed merger will accelerate the opening of U S WEST's local markets to new entry, we are at a loss to understand why they are not prepared to provide specific commitments that demonstrate how that objective will be accomplished. We note that parties in this proceeding, including Allegiance and McLeodUSA, have recommended particular conditions that in our view, would provide credible support for the claim that this merger will advance the Commission's pro-competitive goals in the U S WEST region.

This merger presents a unique opportunity for the Commission to foster the emergence of local competition in a region of the country that clearly has lagged behind other Bell territories in delivering the benefits of the Telecommunications Act of 1996 to

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Vancouver, WA 98668
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consumers. Indeed, in apparent recognition of U S WEST's past performance deficiencies, state commissions in that region are considering how they can use the merger review process to improve service quality and advance local competition in their states. For example, staff members of the Washington Utilities and Transportation Commission have recently proposed that the Washington Commission impose a series of conditions on its approval of the merger to ensure that consumers and competitors obtain the benefits asserted by Qwest and U S WEST. We similarly urge you to use this opportunity to ensure that the applicants' promises that local markets in this region will be opened to new competitors in fact will be fulfilled.

As you know, U S WEST is the only Regional Bell Operating Company that has not even filed an application for Commission approval to offer in-region, interLATA service in any of its 14 states, let alone received such authority. Perhaps, U S WEST has shared the view expressed by the President of the United States Telephone Association, while he testified last November before the U.S. Senate Committee on Commerce, Science, and Transportation, that compliance with the market-opening requirements of section 271 is "voluntary." In this proceeding, however, Qwest and U S WEST have represented that the merged company will act promptly to come into compliance with those requirements. We simply ask that the Commission ensure that the applicants honor that commitment after the merger has been completed.

Respectfully submitted,

Royce J. Holland
Chairman and Chief Executive Officer
Allegiance Telecom, Inc.

J. Shelby Bryan
Chairman and Chief Executive Officer
ICG Communications, Inc.

Stephen C. Gray
President and Chief Executive Officer
McLeodUSA

Dan Moffat
President/CEO
New Edge Networks

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Chairman Kennard
February 28, 2000
Page 2

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Qwest Pays Price For Rapid Growth

CARRIER STRUGGLES WITH SERVICE PROBLEMS; SOME CUSTOMERS LOOK FOR OTHER OPTIONS

Building a customer base too quickly sometimes can backfire. Take Qwest Communications International Inc., which has gained so many new customers that its network hasn't been able to keep up with demand. In the last two months alone, problems in Qwest's network have resulted in extensive frame relay service slowdowns and circuit outages, the latest spanning 11 days.

The carrier also confirmed customer complaints that circuit setup is taking several weeks, and that space is short in one of its hosting centers.

The problems are the result of Qwest's failure to plan and engineer its network to meet soaring demand for services, says Lisa Pierce, a telecom program manager at Giga Information Group. "Because they're a newer carrier, they've been fixed on promoting themselves," she says. "Their ability to throw money and people at service problems is limited, so they have to plan right the first time. If they fail to service their customers, they won't have to worry about upgrading their network."

One user says poor customer service, long provisioning times, and service interruptions made him switch to Global Crossing Ltd. Low prices, producing $35,000 to $40,000 in annual savings, attracted Argents Express Group Ltd., an international shipping-coordination firm, to Qwest, says IT manager John Dogger. The company had been using Qwest's frame relay service to link five U.S. cities. "We're thankfully in the process of converting [to Global Crossing] after 14 months with Qwest," he says.

During an outage last month, Dogger logged more than 50 outages on two circuits. He sent Qwest details on the service shutdowns and requested compensation for not meeting service-level agreements. Dogger hasn't heard from Qwest, but a spokeswoman says Qwest will honor the agreements.

Qwest says the outage was caused by a faulty processor on a Lucent Technologies Inc. frame relay/ATM switch in Los Angeles. For 10 days in late January, an undisclosed number of customers had periodic outages of frame relay connections and service slowdowns. Qwest decided the quickest way to solve the problem was to replace the switch.

Qwest says it doesn't have systematic maintenance or provisioning problems, but is building an all-optical network that will cut setup times by 95% and dramatically reduce network complexity. —BOB WALLACE

AT A GLANCE

QWEST COMMUNICATIONS INTERNATIONAL

FOUNDED: 1994

HEADQUARTERS: Denver

1999 REVENUE: $3.92 billion

1999 NET INCOME: $458 million

COMPLETED NATIONAL NETWORK: September 1999

NETWORK DATA: All fiber, IP network comprising 18,500 route miles

NETWORK EXPANSION Added 4,300 route miles in Canada and Mexico in early December 1999

DATA: QWEST

More on service outages: informationweek.com/773/qwest.htm

Deal Fills Out Compaq's Business-Continuity Offerings

COMPANY FORMS PARTNERSHIP WITH EVERGREEN TO HELP CUSTOMERS SET UP DISASTER-RECOVERY PLANS

Compaq will plug a hole in its business-continuity services this week by establishing a partnership with EverGreen Data Continuity Inc. Under the deal, Compaq will team with EverGreen to help customers set up disaster-recovery plans.

Business-continuity services typically are broken into three phases: planning, implementation, and recovery. Compaq has provided only implementation and recovery in the past. "By offering EverGreen's planning services, we can be a single-source provider for business-continuity services and implementation," says Ed Deary, director of professional services for Compaq North America.

EverGreen defines and documents procedures for assessing, responding to, and recovering from events that threaten key business operations resulting from application errors, hacking, or natural disasters.

EverGreen will offer Compaq customers a service suite called Information Technology Protection. The suite is broken into three modules that assess the level of risk data is exposed to and formulate a business-recovery plan, says Steve Burns, EverGreen chief operating officer. Pricing is about $25,000 for the assessment module, $25,000 for the planning module, and $175,000 to $200,000 for the business-continuity plan. Deary says Compaq's business-continuity services then implement remote storage, electronic vaulting, tape libraries, and hot-site alternatives. —LARRY GREENEMEIER

EverGreen develops procedures to handle events that threaten business.

More on disaster recovery: informationweek.com/773/evergreen.htm

For company Web addresses, see p. 156